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November 30, 2023

To: Justin Clements
Senior Revenue Agent, LB&I: Western Compliance:1779

FTX Response to IRS Information Document Request

Please find enclosed the responses to the Information Document Requests issued by the IRS to FTX entities identified in the included "FTX IRS Audit Tracker" file. More specifically, we have provided responses to the following IDRs:

- Computer Audit Specialist ("CAS")
- Initial Information and General Documentation #1 ("IDR 1")
- Cross Border Activities in IDR 1 ("CBA")
- Financial Products #1 ("FP-1")

The enclosed "FTX IRS Audit Tracker Batch 4" file contains an index of all questions responded to and the corresponding documentation supporting the response.

In preparing the enclosed IDR responses, we relied on information derived from the entities' books and records as they existed at the time the returns were filed. For the avoidance of doubt, we have not made any substantive adjustments to the books and records as they are presented herein. We also relied on representations made by the company and factual information made available to us at the time the IDR responses were prepared.

Please let us know if you have any questions.

Sincerely,

John Healy
Senior Manager, EY

Alameda Research LLC
ARLLC-IDR1-001 - IDR 1 Responses
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1. Brief history and description of the business.

Alameda Research LLC ("ARLLC"), a Delaware limited liability company, is a holding company of several foreign and domestic subsidiaries. On November 20, 2017, Sam Bankman-Fried ("SBF") formed ARLLC as a disregarded entity for U.S. federal income tax purposes. On November 30, 2018, Gary Wang contributed his interest in Alameda Research Partnership, a California general partnership, to ARLLC in exchange for a membership interest in ARLLC; ARLLC's tax classification changed to a partnership. Beginning in 2019 tax year, ARLLC elected to be taxed as a corporation and since has joined its subsidiaries in filing a consolidated 1120.

2. Corporate Minute Book

Based on our review of available documentation, we are unable to locate corporate minute books for the entities under audit.

5. Copies of all investment statements for the year

The company did not keep monthly statements for its investments. However, a summary of investments prepared by the company was provided in IDR Batch 1 submitted on 5/31/23. Please reference ALL-CBA-10 for more information.

9. Written detail of how the records were kept

The general ledger and financial statements were prepared and stored in QuickBooks Online. The support for the financial records was intended to be stored in vendor folders within ARLLC's dropbox. Other support, such as prepaid schedules were saved within ARLLC's electronic workpaper system called Accelerated Financial Reporting Management "AFRM."

10. Written detail of how the tax return was prepared

The preparation of the tax returns started with the books and records of the entity. For most entities with US filing requirements, the information was maintained in QuickBooks Online. Transactions for each company were either fed into QuickBooks Online directly from the bank accounts or entered manually into QuickBooks Online based on information provided by management. The annual books, records and related information for each entity was reviewed by management for accuracy and completeness. Once this process had been done, the returns were prepared from the information, making identified changes for book and tax differences. After the returns had been drafted, they were provided to management and to ARLLC's legal counsel for review. Management and ARLLC's legal counsel would provide comments on the draft returns. Once comments were processed, the returns would be final drafted for final review. Management and ARLLC's legal counsel would then perform an additional

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review and provide approval to file the returns electronically. If returns could not be filed electronically they were filed via paper filing.

11. Procedures of how business expenditures were approved

Invoices for business expenses of the entity were submitted by the business unit leader to the relevant entity Slack channel and requested for review and approval. They were paid after approval.

14. Explain how the initial capital was raised

ARLLC was initially capitalized through contributions of cash and cryptocurrency, as well as loans from third parties.

16. Detail of substantiation for all expenses

See response (11) - invoices for business expenses were not stored in a centralized location and are unavailable.

17. Detail of how revenue is generated

ARLLC primarily operates as a holding company for its domestic and foreign subsidiaries.

19. Itemized list of bonuses paid/accrued at year end. Include copy of bonus plans with who approved the bonus and detail of when the bonuses were approved.

Please reference the bonus information provided through employment tax audit Alameda Research LLC (4063) IDR responses as outlined below.

- IDR #5 – Payroll Records for 2020, 2021 and 2022 submitted on May 10, 2023
- IDR #11 – Bonus Plans submitted on September 29, 2023

Note, bonus information paid/accrued under ARLLC (1042) does not apply. See explanation below.

ARLLC (FEIN: [REDACTED] 0142) was created as a SMLLC on 11/21/2017. Employees were reported under this entity from 4Q 2017 (presumably Nov 2017) through 3/31/2019 with Forms 940, 941 and W-2 being reported under this entity during that period of time. This entity did not use a PEO during that period of time.

Employees were transferred from ARLLC (0142) to Alameda Research LLC (f/k/a Alameda Research Partnership) entity (FEIN: [REDACTED] 4063), effective 4/1/2019 and Forms 940, 941 and W-2 began being reported under this entity during that time. This entity did not and is not using a PEO.

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25. Statements of all crypto currency accounts owned by the corporation.

ARLLC is currently gathering a complete cryptocurrency dataset, including transaction detail and wallet balances, but complete information is not available at this time. A historical reconstruction of cryptocurrency transaction detail is currently in progress and ARLLC will share the results of that analysis when available. As noted above, ARLLC primarily acted as a holding company for its domestic and foreign subsidiaries.

26. All brokerage account statements for any brokerage accounts owned by the corporation.

Note, ARLLC did have brokerage accounts with EDF and Interactive Brokers, but ARLLC did not keep statements in a centralized location; such statements are unavailable at this time.

27. List of all crypto currencies owned/used by the corporation.

Please see response (25) above.

28. List of all crypto currencies traded by the corporation.

Please see response (25) above.

29. List of all national currencies used by the corporation.

US Dollars (USD)

35. Detail of any assets transferred between related entities. If assets were transferred via computer software provide the programming language and how the software was told to initiate the transfer, how the program determined what assets to transfer, how the program determined where to send the assets, how the program knew the quantity of assets to transfer and how the program knew when to transfer the assets.

A historical reconstruction of cryptocurrency transaction detail is currently in progress and ARLLC will share the results of that analysis when available. Please also reference ARLLC-CBA-006 for non-crypto asset transfers.

38. Describe any use of the blockchain by the corporation. How to access the blockchain and how to track transactions in the blockchain.

Please see response (25) above.